

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MICHIGAN**

Petition for Warrant or Summons for Offender Under Supervision

Name of Offender: Babubhai Rathod

Case Number: 1:12:CR:17-01

Name of Sentencing Judicial Officer: The Honorable Janet T. Neff
U.S. District Judge

Date of Original Sentence: August 13, 2013

Original Offense: Conspiracy to Pay and Receive Health Care Kickbacks; 42 U.S.C. § 1320(a)-7b(b)

Original Sentence: 48 months imprisonment and 2 years supervised release. Special Conditions: (1) financial disclosure; (2) no new credit; (3) legitimate, full-time employment; (4) not operate, partner, and/or oversee any business where services are billed to Blue Cross Blue Shield of Michigan, Medicaid, and Medicare. Special Assessment, \$100.00 (paid). Restitution, \$950,000.00 (paid).

Type of Supervision: Supervised Release

Date Supervision Commenced: June 24, 2016

Expiration Date: June 23, 2018

Assistant U.S. Attorney: Raymond E. Beckering, III

Defense Attorney: J. Terrance Dillon

PETITIONING THE COURT

☒ To issue a warrant

The probation officer believes that the offender has violated the following condition of supervision:

Violation Number 1

Special Condition Number 2: The defendant shall not apply for, nor enter into, any loan or other credit transaction without the approval of the probation officer.

Mr. Rathod, posing as Abid Agha, M.D., applied for, and entered into loans and other credit transactions with Kabbage Inc., Fundworks LLC, and Greenbox Capital, without the approval of the probation officer.

Nature of Noncompliance for Violation Number 1

The following information was obtained from the U.S. Attorney's Office, Grand Rapids, Michigan, who was conducting their own separate investigation related to Mr. Rathod.

In March 2017, a loan application to Kabbage, Inc. was submitted under Abid Agha, M.D., nominal owner of Advanced Medical Services. The telephone number used for the application was 517-763-1100; Mr. Rathod's telephone number reported to the U.S. Probation Office.

There were numerous telephone calls initiated and received by Mr. Rathod using the telephone number 517-763-1100. During the telephone calls, Mr. Rathod posed as Dr. Agha with Kabbage Inc., representatives. The telephone calls took place on March 13; May 19; June 13; June 20; and 23, 2017; and April 5, 2018. Advanced Medical Services received \$46,500.00 in funds from Kabbage Inc.

In February 2017, Advanced Medical Services received a working capital loan of \$50,000.00, from Fundworks LLC. The application was under the name of Abid Agha, M.D. The telephone number listed was 517-763-1100; Mr. Rathod's reported telephone number.

In October 2016, a loan application was made for Abid Agha, M.D., listing 517-763-1100 as a contact telephone number. On January 12, 2017, \$69,200.00 was deposited into an account for Advanced Medical Services. The loan agreement required use of funds for business purposes only. Instead, \$32,000.00 of the funds were transferred from Advanced Medical Services to an Elite Global account, an account under Mr. Rathod's control, to an Indian medical college for Ajay J. Rathod's tuition.

Violation Number 2

Special Condition Number 3: The defendant must maintain legitimate full-time employment, as approved by the probation officer.

Mr. Rathod has not maintained legitimate full-time employment, as approved by the probation officer.

Nature of Noncompliance for Violation Number 2

The following information was obtained from the U.S. Attorney's Office, who was conducting their own separate investigation related to Mr. Rathod.

Mr. Rathod has reported Jankiken "Jackie" Patel as his supervisor at Elite Global Group, Okemos, Michigan, on Monthly Supervision Report forms submitted to his probation officer since July 2016. A check dated February 1, 2018, was signed by Ms. Patel to Mr. Rathod in the amount of \$4,000.00, and provided to the U.S. Probation Office as verification of contractual services rendered for the month of January 2018. Ms. Patel is not listed on the account in any capacity, but rather it is Mr. Rathod who controls the account for Elite Global. No other checks to employees have been written on this account, but over \$150,000.00 in transfers with Advanced Medical Services were made from the account. Additionally, Mr. Rathod has been observed by investigators at other health care providers during working hours while reporting to work full-time at Elite Global.

Furthermore, Elite Global has not been at the address reported by Mr. Rathod to U.S. Probation since March 2016. The address provided was 2164 University Park Drive, Suite #260, Okemos, Michigan.

Violation Number 3

Special Condition Number 4: The defendant shall not operate, partner, and/or oversee any business where services are billed to Blue Cross Blue Shield of Michigan, Medicaid, and Medicare.

Mr. Rathod has operated, partnered, and oversaw businesses where services are billed to Blue Cross Blue Shield of Michigan (BCBSM), Medicaid, and Medicare.

Nature of Noncompliance for Violation Number 3

The following information was obtained from the U.S. Attorney's Office, who was conducting their own separate investigation related to Mr. Rathod.

Mr. Rathod obtained several loans for Advanced Medical Services using a different identity. Advanced Medical Services received \$102,000.00 from Mr. Rathod's Elite Global account. In addition, Advanced Medical Services issued \$49,000.00 to Mr. Rathod's Elite Global account. Advanced Medical Services bills Medicaid and BCBSM.

Sellers of EZ Sleep Supplies identified Mr. Rathod as being involved in the purchase of the company in fall 2016. Ongoing surveillance placed Mr. Rathod at EZ Sleep Supplies on multiple occasions, including through April 2018. At EZ Sleep Supplies, Mr. Rathod has been observed handling files, taking files, bringing equipment into the building, and using a key to access EZ Sleep Supplies alone after hours. EZ Sleep Supplies bills Medicaid and BCBSM.

In late April 2018, a hotline complaint was received and investigated by the U.S. Attorney's Office, Grand Rapids, Michigan. The complaint stated in September 2017, Mr. Rathod was introduced to employees as the new owner of Paramount Home Care. Account records showed \$25,000.00 in transfers between Mr. Rathod's controlled Global Elite account and Paramount Home Care between September 2017 and October 2017. An employee has identified Mr. Rathod and has confirmed he is involved in the business, specifically, regarding discussions about billing and hiring. Paramount Home Care bills BCBSM, Medicaid, and Medicare.

Violation Number 4

Standard Condition Number 9: The defendant shall not associate with any persons engaged in criminal activity and shall not associate with any persons convicted of a felony, unless granted permission to do so by the probation officer.

Since October 2015, Mr. Rathod associated with Wavy Curtis Shain, a convicted felon.

Nature of Noncompliance for Violation Number 4

The following information was obtained from the U.S. Attorney's Office, who was conducting their own separate investigation related to Mr. Rathod.

On September 18, 2009, Mr. Shain pled guilty to nine counts of wire fraud and one count of bank fraud in the Western District of Kentucky.

Mr. Shain operates Legal Services Group, a Kentucky based consulting firm. Legal Services Group was involved in EZ Sleep Supplies/Life Care transaction. In addition, over \$40,000.00 in payments between Mr. Shain's Legal Services Group and Mr. Rathod's Global Elite account were made between October 21, 2015, and July 13, 2017.

Mr. Shain is listed as the registered agent for Advanced Medical Services. Curtis Shain is identified as the landlord for Advanced Medical Services on the Greenbox Capital loan application, with a telephone number 502-420-8062 listed on the application. David Stone is identified as the landlord for Advanced Medical Services on the Fundworks LLC loan application. The same telephone number, 502-420-8062 was listed on the application. The telephone number listed goes to Mr. Shain's voice mail.

Previous Violations

None

U.S. Probation Officer Recommendation:

The Supervised Release should be
☒ revoked.

I declare under penalty of perjury that the foregoing
is true and correct.

Executed on May 14, 2018

Approved,

Respectfully submitted,

by /s/ Scott M. Lopofsky
Scott M. Lopofsky
Supervisory U.S. Probation Officer
Date: May 14, 2018

by /s/ Krista K. Garcia
Krista K. Garcia
Supervisory U.S. Probation Officer
Date: May 14, 2018

Babubhai Rathod

1:12:CR:17-01

THE COURT ORDERS:

- ☐ No Action
- ☒ The Issuance of a Warrant
- ☐ The Issuance of a Summons
- ☐ Other

/s/ Janet T. Neff

The Honorable Janet T. Neff
U.S. District Judge

May 16, 2018

Date